ViewPoint Bank.

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November 10, 2008

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: Federal Deposit Insurance Corporation Notice of Proposed Rulemaking, RIN 3064-AD35

Mr. Feldman:

We appreciate the opportunity to comment on the Proposed Rules document, RIN 3064-AD35.

A Thrift Perspective
As an OTS regulated thrift, we are charged with meeting the requirements of the Qualified Thrift Lender (QTL) test of having a minimum of 65% of assets bc in real estate related loans and investments. Generally, these assets are not short term in maturity or duration. To mitigate the interest rate risk associated with these assets, a portion of liability funding should be of similar duration. FHLB advances are a reliable and reasonable cost source for this funding.

Our core funding has a shorter duration than our QTL assets. As a supplement to funding assets with core deposits, funding the longer duration assets with FHLB advances, whether on an asset by asset basis or as a more general balance sheet management tool, actually mitigates and reduces our interest rate risk, resulting in a lower risk to the FDIC.

Proposed Increased Assessment Rate for Using FHLB Advances
The proposal is "to raise an institution's base assessment rate based upon its ratio of secured liabilities to domestic deposits" with a ratio of above 15 percent being the trigger point for the increase.

This proposal would reward thrifts and other institutions with a similar asset mix as us for taking on interest rate risk and penalize those of us that use FHLB advances as a very effective funding, interest rate risk, and balance sheet management tool. This doesn't make sense.

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While we understand that FHLB advances could be used to grow an institution's balance sheet at a faster than prudent pace, to add potentially riskier assets than otherwise might be added, or to seek a quick yet potentially unsafe increase in earnings, the proposal would likely do little to deter those who would choose one or more of these courses of action; however, it would penalize those of us that use the FHLB advances in a manner that is prudent and reduces risks.

This part of the proposal would end up penalizing the majority of FHLB advance users and discourage them from utilizing a safe and reliable funding source. Furthermore, it could ultimately backfire, with current prudent users switching to less safe methods of funding and higher levels of interest rate risk.

Conclusion
Our bank has used FHLB advances to match the terms of specific loans. With the added cost of this proposal, we may have chosen to not make those loans. Going forward, we and others would have to factor the additional cost under the proposal, leading to less lending and less economic activity at a time when the federal government is working to do just the opposite. It would raise the cost of funding, resulting in greater risk taking to maintain profitability or no change in the risk of assets funded, thus reducing profitability. Neither is a positive result for the industry.

The FDIC should not inhibit the sound use of stable sources of funding. The focus should be on the risk of the assets being funded and not on the source of the finding. As written, the proposal is not consistent with safe and sound banking.

Respectfully Submitted,

Charles Bangert

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